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TAGS: [PREL](#) [ECON](#) [EAID](#) [SA](#)
SUBJECT: MFA ON KOSOVO, GAZA, PAKISTAN

Classified By: Charge d'Affaires David Rundell for reasons 1.4 (b) and (d)

1. (U) Key points:

-- (C) Deputy FM for Economic and Cultural Affairs Saadoun told Charge that money pledged to Pakistan will be channeled through the Saudi Fund for Development (SFD).

-- (C) According to Deputy FM for Bilateral Relations Jindan, Saudi Arabia is likely to recognize Kosovo o/a April 20.

-- (S) Jindan said a continued lack of signs of forward progress from Israel will strengthen Iran's efforts to destabilized Egypt and reduce Hamas' incentive to compromise.

-- (S) Jindan was evasive on SAG support for the PA and said any Gaza reconstruction mechanism must be "a little bit independent" of the PA.

2. (S/NF) Comment: The SAG's imminent recognition of Kosovo is good news if true; and would likely lead to Saudi support for Kosovo's membership in both the IMF and the World Bank. Continued distrust of the Zardari government in Pakistan is behind their decision to channel assistance through the SFD. The Saudis continue to see the hand of Iran behind every dark corner, blaming them for recent setbacks in Egypt and Gaza. End comment and key points.

SAG to keep close eye on assistance to Pakistan

3. (C) On April 18, Charge met separately with Deputy Foreign Minister for Bilateral Relations Khaled Al-Jindan and Deputy Foreign Minister for Economic and Cultural Affairs Yousef Saadoun to discuss Saudi assistance to Pakistan and Afghanistan, Palestinian issues, and the upcoming votes at the IMF and World Bank on membership for Kosovo. The Charge started by thanking Jindan for the Saudi pledge at the April 17 Friends of Pakistan donors conference in Tokyo and for any further details on how that money would be spent. While Jindan offered no comment in response, Saadoun, in a later meeting, said the funds would be spent by the Saudi Fund for Development (the SAG's principal vehicle for bilateral development assistance) on projects they (the SFD) selected from a list of Government of Pakistan priorities. Jindan did say he was anxious to see the political situation in Pakistan stabilize and that the SAG is anxious to cooperate closely with the USG on Pakistan.

Kosovo recognition likely soon

¶4. (C) When asked whether Saudi Arabia would support Kosovo's membership in the IMF and World Bank in upcoming votes, Jindan deferred to Saadoun, but did confide that the SAG would be making an announcement on Kosovo recognition in the coming two or three days, stating, "The decision has already been made." (and strongly implying the SAG would recognize Kosovo). Saadoun acknowledged our request and said the issue would be forwarded to the Ministry of Finance for "study."

"We need to see progress from the Israelis"

¶5. (S) Jindan's most extensive comments were reserved for his thoughts on the next steps towards attaining Middle East peace, and on the current turmoil in Egypt. He said he was waiting to see what course the new Israeli government (GOI) would take, but that comments by Prime Minister Netanyahu and Foreign Minister Lieberman were not encouraging. Jindan expressed hope that SE Mitchell can obtain a renewed commitment from the GOI to a two-state solution, saying this was the only way to achieve peace and peace the only way to achieve security.

¶6. (S/NF) Discussing the recent situation in Egypt, Jindan asserted that Iran was working through Hizballah to destabilize Egypt and thereby sabotage the Egyptian government's efforts towards Palestinian reconciliation. He further said that without encouraging signs of progress from the GOI, Hamas has little incentive to either reconcile with the Palestinian Authority (PA) or distance itself from Hizballah. Also, Jindan said a lack of forward progress by

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the Israelis will encourage Hizballah in its efforts to destabilize Egypt.

¶7. (S) Jindan dodged a question on whether the SAG was continuing to fund the PA, much the same as Deputy Minister Prince Turki did on April 7. His exact response was that he had "not heard" of any change in SAG policy towards funding the PA. This ambiguity was reinforced by Jindan's statement that the GCC mechanism for Gaza reconstruction, still not fully developed, must be "a little bit independent" from the PA. Deputy FM Saadoun later said the SAG was working towards Gaza reconstruction through three avenues: the Arab League, the GCC, and through bilateral assistance; and the SFD had the lead on this initiative.

RUNDELL